



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

August 21, 2008

Leonard Parker, Vice President & Chief Engineer
Xerox Corporation
Mail Stop ESAE-615
701 S. Aviation Blvd.
El Segundo, CA 90245

Dear Mr. Parker:

RE: FINAL MONITORING VISIT REPORT for Xerox Corporation (Xerox) – ET07-0130

Date of the Visit:	8/20/08
Beginning/Ending Time:	9:30 a.m.- 11:30 a.m.
Date of Last Visit:	6/1/07
Visit Location:	Xerox facility at 555 S. Aviation Blvd., El Segundo, CA
Persons in attendance:	George Lesser, Planning Manager, Xerox Carrollynn Henshaw, National Training Systems, Inc. (NTS) Marissa Tolentino, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	8/8/06 – 8/7/08	Agreement Amount:	\$197,100
Training Start Date:	8/21/06	No. to Retain:	150
Date Training must be Completed:	5/9/08	Range of Hours:	24 – 100
Type of Trainee:	Retrainee	Weighted Ave. Hours:	73

FINAL REPORT SUMMARY:

The Agreement was executed on August 29, 2006 and training began on 8/21/06. Your staff reported that all training was completed on 5/2/08, which allows for the 90-day retention period to be completed within the term ending date of the Agreement –8/7/08.

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ETP (04/15/05)

On April 13, 2007, Amendment No. 1 was executed for the following revisions to the Agreement:

1. add Computer-Based training (CBT) as a training delivery method for Computer Skills and Continuous Improvement
2. add topics under Advanced Technology Section of the ETP Curriculum

On April 25, 2008, Amendment No. 2 was executed to increase the maximum number of training hours required on Job 1 from 100 to 200 and increase the ETP Agreement Amount to \$283,500.

According to your project staff, 217 trainees completed training and the 90-day retention period. Your ETP Agreement is based on a variable reimbursement training plan. Xerox is reimbursed for the exact number of training hours provided to each trainee completing between 24 to 200 hours of Advanced Technology and Class/Lab training; and CBT in either Computer Skills or Continuous Improvement. The ETP Class/Lab Tracking Report shows that you have delivered 11,243.50 hours of Advanced Technology and Class/Lab training hours and 4,000 CBT hours for 217 trainees who meet the minimum hours. Assuming all other Agreement requirements are met, Xerox would earn approximately 100% of the total ETP Agreement amount of \$283,500. To date, the ETP Contract Status Report shows you have \$284,163 of earnings that are being processed by ETP. Ms. Henshaw states that Xerox is aware that its earnings cannot exceed the ETP Agreement Amount and expects an adjustment by ETP Fiscal Unit to reflect earnings of \$283,500. Since you have been paid \$99,225 to date, you will receive an additional \$184,275 if the anticipated number to retain is verified during the final fiscal closeout.

Your project staff indicated that they did not encounter any barriers or problems in the implementation of your ETP Agreement. Recordkeeping was not a problem. Also, with ETP training, Xerox was able to implement the Lean Six Sigma program for software development which allowed the company to create and deliver products faster and better.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	247
Dropped Following Enrollment:	30
Completed Training:	217
Completed Retention	217

ATTENDANCE ROSTERS:

On July 14, 2008, ETP approved your request to use Xerox's CBT report to document CBT training. The report lists the type of training and course title as identified on the ETP Curriculum, trainee name, start and completion date, date system was last accessed, percentage of course completed, number of hours for the course and Xerox representative's signature verifying trainee competency at course completion.

During this visit, Ms. Tolentino reviewed attendance records of 15 Job 1 trainees billed on Invoices 2, 3, 5 and 6. During the review of the CBT Roster, Ms. Tolentino could not find the following trainees on Xerox's CBT report, however the ETP Tracking System reports CBT hours for these trainees:

1. Irene Bernal
2. Khanh Chan

3. Xueying Chen
4. Bruce Corning
5. Karen La Pointe
6. Jane Lillejord
7. Yolanda Palomo
8. Bridget Thomson
9. Mark Trinh

Ms. Henshaw reported that initially they were not included on the list because the trainees did not complete the minimum (24) class/lab training hours to be reimbursed by ETP. Several of these trainees did not attend any class/lab training at all. Therefore, Ms. Henshaw expected to drop the trainees. However, since in April 2007, CBT was included on the Agreement, the trainees completed 40 hours of CBT which qualifies them for ETP reimbursement.

After the Monitoring Visit, Mr. Lesser submitted via fax a copy of the CBT Report verifying that the trainees completed 40 hours of CBT training in Lean Six Sigma.

The Class/Lab Rosters reviewed contained the information currently required by ETP; confirmed that the Agreement curriculum was provided as specified; and validated the invoices for the completion of the required hours of training for enrollment and the Total Class/lab Training hours required in this Agreement. Your project staff were advised that these findings are based only on the training records reviewed during this Visit and represent only a sample of the training records completed to date. Further that it is your responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes. [Reference: Title 22 California Code of Regulations, Section 4442(b)].

AUDIT:

Xerox will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Ms. Tolentino at (818) 755-1311 or by email at MTolentino@etp.ca.gov within ten (10) working days from the receipt of this letter.

Sincerely,

SIGNATURE ON FILE

Dolores Kendrick, Manager
North Hollywood Regional Office

SIGNATURE ON FILE

Marissa Tolentino, Contract Analyst
North Hollywood Regional Office

cc: George Lesser, Xerox (via e-mail)
Carrollynn Henshaw, NTS (via e-mail)
David Guzman, Chief, Program Operations Division (via e-mail)
Kulbir Mayall, Manager, Fiscal and Certification (via e-mail)
Master File
Project File

Date report mailed to Contractor: 08/22/08